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August 12, 2003

APPLICATION

Honorable James H. Welsh
Commissioner of Conservation
P.O. Box 94275
Baton Rouge, LA 70804-9275

RE: 11,160' Zone Reservoir A
Hollywood Field
Terrebonne Parish, Louisiana

Dear Commissioner Welsh:

Application is hereby made on behalf of Wagner Oil Company for the calling of a public hearing, after legal notice, to consider evidence relative to the issuance of Orders pertaining to the following matters in the 11,160' Zone Reservoir E in the Hollywood Field, Terrebonne Parish, Louisiana, to-wit:

1. To establish rules and regulations and create a single drilling and production unit for the exploration for and production of gas and condensate, such unit to be designated the 11,160' RE SUA.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within the proposed unit, with each tract sharing in unit production on a surface acreage basis of participation;
3. To designate the Wagner Oil Company - Southern Pacific Transport No. 2 Well as the unit well for the proposed 11,160' RE SUA.
4. To designate Wagner Oil Company as the unit operator for the proposed unit;
5. To provide that any future substitute or alternate unit wells for the proposed unit should be exempt from any spacing requirements;
6. To provide that any future wells drilled to the 11,160' Zone outside of the proposed unit should be located in accordance with the spacing provisions of Statewide Order No. 29-E.
7. To provide that the Commissioner of Conservation should be authorized to

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reclassify the 11,160' Zone, Reservoir E, by supplemental order without the necessity of a public hearing if the producing characteristics of the reservoir change and evidence to justify such reclassification is submitted to and accepted by the Commissioner of Conservation; and

8. To consider such other matters as may be appropriate and justified the evidence presented at the hearing.

The 11,160' Zone, Reservoir E, in the Hollywood Field is hereby defined as that gas and condensate bearing interval encountered between the depths of 11,300' feet and 11,550' MD (10,934' - 11,184' TVD), electric log measurements, in the Wagner Oil Company - Southern Pacific Transport No. 2 Well (SN 153843), located in Section 101, Township 17 South, Range 17 East, Terrebonne Parish, Louisiana.

A conference was offered to be held at 10:00 a.m. August 22, 2003, but no request for one was received, consequently none was held. We do not, therefore, expect opposition at the hearing.

Pertinent data relating to the proposed application can be obtained, AT THE COST OF THE REQUESTING PARTY by contacting Holmes Smart, 200 Audubon Blvd., Lafayette, Louisiana 70503, (Phone: 337-232-4031).

There is attached hereto and made a part hereof a plat outlining the proposed unit and a list of the names and addresses of the interested parties to whom this unitization proposal is being sent. Pursuant to the Revised Rules of Procedure, such list of parties is being furnished ONLY to the Commissioner of Conservation and to the District Manager of the Lafayette District of the Office of Conservation. However, the list of parties will be provided to any party requesting a copy of it. A reasonable effort was made to ascertain the names and addresses of all Interested Owners, Represented Parties and Interested Parties hereto.

Finally, enclosed herein is our check in the amount of \$755.00 made payable to the Office of Conservation in payment of the required hearing application fee.

Very truly yours,



E. Holmes Smart

EHS/hjs
Enclosures

cc: Mr. Richard Hudson, District Manager
Office of Conservation

cc: All Interested Owners, Represented Parties & Interested Parties

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P.S. To all Interested Owners, Represented Parties and Interested Parties

You may have received this Application even though your property is not included in the proposed unit because the Revised Rules of Procedure require us to attempt to also notify everyone owning an interest in the area "proximate to" the proposed units. In some cases, the area proximate to proposed units can extend as far as one-half mile outside the unit boundary.

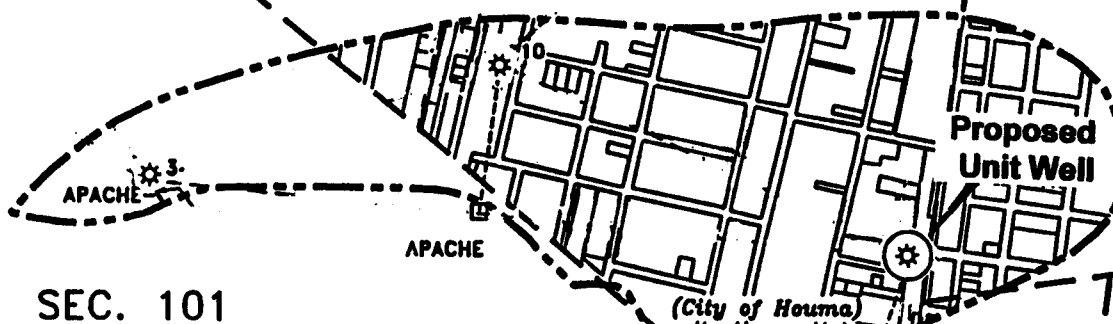
Your receipt of this Application does not require you to take any action. It is meant to notify you of these proceedings so that you have the opportunity to participate if you so desire.

T 17 S - R 17 E

SEC. 6

SEC. 7

(City of Houma)



SEC. 101

Southdown Sugars Inc.

**11,160' RE SUA
SOUTH. PAC. TRNSP. NO.2
144.325 AC.**

SEC. 102

Southdown Sugars Inc.

WAGNER
South Pac Transp

SEC. 37
(City of Houma)

SEC. 38
(City of Houma)

GRID NORTH

EXHIBIT NO.
DOCKET NO.

DATE:

WAGNER OIL COMPANY

**HOLLYWOOD FIELD
TERREBONNE PARISH, LOUISIANA
PROPOSED UNIT
11160' ZONE**

0 1000' 2000'

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